



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Fiscal Analysis Memorandum

CONFIDENTIAL

Requestor: Representatives Setzer, Szoka, and Bradford
Analyst(s): Brent Lucas
RE: PCS to House Bill 624-North Carolina Regulatory Sandbox Act

SUMMARY TABLE

FISCAL IMPACT OF PCS to H.B.624

FY 2021-22 FY 2022-23 FY 2023-24 FY 2024-25 FY 2025-26

State Impact

NET STATE IMPACT

No Estimate Available-See Fiscal Analysis Section

FISCAL IMPACT SUMMARY

The PCS establishes the North Carolina Innovation Council, which would be charged with choosing individuals or entities that desire to offer innovative products or services, and providing them the ability to participate in a two year program (overseen by the Commissioner of Banks or the Department of Insurance) that allows them to provide such products or services currently prohibited by State law or regulation.¹ Participants would offer such products and services to consumers in a test environment for up to a two year period.

Those seeking to participate in the Sandbox program would submit an application to the Innovation Council which would in turn be routed to the respective agency that would approve or deny the application. The PCS requires applicants to pay an application fee of \$50, and those admitted as participants would be required to pay a \$450 participation fee to cover reasonable agency expenses. The PCS further allows the Innovation Council to charge additional participation fees, but requires they be capped at a reasonable amount to encourage participation in the program, and requires them to publish this fee schedule.

FISCAL ANALYSIS

The Fiscal Research Division is unable to provide a fiscal estimate on the PCS for two primary reasons. First, the PCS currently opens up the market to currently prohibited products or services, for which data is not available on either supply or demand. Second, an estimate is not available

¹ The PCS defines an innovation as one that provides a financial or insurance product or service or a substantial component of such, or using or incorporating new or emerging technology, including blockchain technology, or developing a new use of existing technology to address a problem, provide a benefit or otherwise offer a product, service, business model or delivery mechanism to the public that is not known at present to have a comparable widespread offering in this State.

because there is no data on the number of individuals or entities that may apply to participate in the Sandbox program, the number of participants that would be selected, or on the additional fees and corresponding frequency by which they would be assessed to participants.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts. This document is not an official fiscal note. If a formal fiscal note is requested, please email your request to the Fiscal Research Division at FiscalNoteRequests@ncleg.net or call (919) 733-4910.

